

652 should be obtained not through investments but through loans under-
 665 taken by the state. In this way Rumania would have full control over the allocation of capital and would not, except for the interest on loans, see the profits from the oil industry go abroad. The petroleum policy of the National Peasants, as formulated in 1929, was even more removed from Stere's recommendations than from the Liberals' policy. It was, however, perfectly consistent with their economic outlook during their term in office.

665 Rumanian transportation and communications had been in no-
 652 toriously bad condition since the First World War, and the Liberals'
 496 policy of retrenchment had been particularly damaging to the rail-
 464 way system. The 1929 stabilization loan allocated \$34,000,000 for
 471 railway expansion and \$9,000,000 to pay off overdue railway debts.
 491 By a law passed in July, 1929, the National Peasants transferred the
 state railways to an autonomous public body, "to be administered
 according to commercial principles."⁶² They also undertook to re-
 pair and extend the highway network, and abolished the primitive
corvée which was still being used for road maintenance. In 1930 the
 International Telephone and Telegraph Corporation received a con-
 cession for the construction of the Rumanian telephone network.

665 The stabilization loan required a reform of the National Bank and
 of the state accounting system. In March, 1929, the government
 passed a series of new statutes for the bank; the principal changes
 were the abolition of the ceiling on the issue of currency, established
 by the Liberals' in 1925, and the limitation of the influence of the
 state in the appointment of directors. The bank was given somewhat
 greater independence from state control and powers to maintain the
 newly achieved stability of the currency. In July, 1929, the govern-
 ment passed a law reforming the state accounting system and the or-
 ganization of the budget. There was no doubt that Rumanian state
 finances needed reform and modernization. The accounting system
 had been that of France of 1860, plus the accretion of a number of
 purely Rumanian practices, with the result that the actual condi-
 tion of government finances at any given time was never known with
 any exactness. The new law, in reorganizing the preparation of the
 budget, exerted more stringent control over the expenditures of vari-
 ous ministries. While this law was well intended, its actual results in
 rationalizing Rumanian finance methods seem to have been very

62. Madgearu, *Rumania's New Economic Policy*, p. 50. The organization of Ru-
 manian railways after 1918 had been altogether hectic. In 1925 the Liberals had given
 some autonomy to the railways; this policy was reversed by the People's party in
 February, 1927, and reestablished by the Liberals in August of that year.

505 It is a cardinal principle of the Statute that the
648 customs dues levied on goods must not be higher
[651] than the duties levied at frontier stations of the
country concerned. The cost of improvements
was to be met by navigation dues, these being
assessed on the tonnage of ships, and not based on
the goods transported.

Bratislava was fixed as the Headquarters for the
Commission for the first five years, and it was laid
down that thereafter, for five-year periods, other
Danube towns were to be selected in rotation.

Since the outbreak of this war, Germany has
virtually controlled the Danube, has abolished the
C.I.D., and set up the "Consulting Committee for
Danube Affairs above Bratislava."

C.E.D. (European Danube Commission)

[503] This Commission was constituted under the
Treaty of Paris in 1856 with Austria, France,
Great Britain, Prussia, Russia, Sardinia and
Turkey as members, for the express purpose of
dredging the mouths of the Danube below Isacora,
and leaving the various channels free from all
obstructions to navigation. It was apparently
expected that this preliminary task would take
two years, and the life of the Commission was
originally fixed for that period; but, by a series
of later treaties, it was kept in being up to the
outbreak of the Great War.

In 1918 the Central Powers set up their own
Danube Commission, membership naturally being
restricted to those Powers and their allies.

By the Treaty of Versailles the European Com-
mission was reconstituted with Great Britain,
France, Italy and Rumania as provisional mem-
bers; and by the Convention of July 21st, 1921,
was placed on a more permanent basis. The
provisional membership of the four countries was
confirmed and all the powers of the original
Commission restored. A proviso added that any
nation whose commercial interests in that part of
the river warranted their being represented on the
Commission could be admitted. In fact, no
country was admitted under this proviso until
the inclusion of Germany in August, 1938.

In August, 1938, an arrangement was signed at
Sinaia relative to the exercise of the Powers of the
C.E.D. In effect the Powers of the Commission
were transferred to the Rumanian Government
who were to set up a "Maritime Danube Board."
This board, under Article 5, was "to be responsible
for the preparation and execution of plans for
works on the maritime Danube and at the mouths
for levying dues and dispensing of the yield
thereof."

In September, 1940, Germany summoned a
conference at Vienna for the purpose of regulating
Danube shipping anew, and eliminating Great
Britain and France from membership of the
Commission.

[113] [For further information see *La Commission
Européenne du Danube et son Œuvre de 1856 à
1931* (Paris 1931); Treaty of Versailles, Articles
331-339, 346-353. Treaty Series No. 35 (1939)
Cmd. 6068, and Treaty Series 35 (1939), Cmd. 6069.]

E. TELECOMMUNICATIONS

I. Pre-War Situation

1. Telegraph and Telephones

206 The telegraph system of Rumania was con-
trolled by the Ministry of Communications, the
telephone by the Societatea Română de Telefoane,
a subsidiary of the International Telephone and

[456]

CHAPTER VIII

206 Telegraph Co., of New York. The telegraph system covered the whole country, while the telephone was sufficiently extensive to supply about a quarter of the villages with official telephones, which were available for public use. The following figures (January 1940) show the comparative development of telegraph and telephone systems in Rumania and Great Britain:—

	Rumania	Great Britain
Number of telephones for every 100 of the population	51	7.06
Miles of telegraph wire for every 100 of the population	24	3

After 1930 when the Societatea Română de Telefoane took over from the Government, the telephone system made remarkable progress. Just before the war about 74 per cent. of the subscribers were attached to automatic exchanges. 17 of the largest towns were equipped with these exchanges (Bucarest had two), material being supplied by the International Standard Company. Small towns and country districts had manual exchanges. The system in general was overhead wire, but there was an important 12-channel underground cable taking carrier from Bucarest to Ploesti with extensions to Buzău and Braşov.

Bucarest had an extensive system of external telephone connections. It communicated with Berlin and Vienna, Sofia and Ruse (Bulgaria), Paris, London, Athens, Warsaw, Prague, Istanbul, Belgrade and Budapest.

The telegraph system in Rumania covered the whole country but although not in as bad a condition as the telegraph system of Bulgaria, it suffered from being entirely divorced from the telephone system, and in 1937 it was proposed that it should be thoroughly reorganised. It is not known whether this reorganisation was ever carried out.

206 Rumania was connected by telegraph to Prague, Istanbul, Odessa and Belgrade.

2. Submarine Cables

There was a submarine telegraph cable from Constanta to Kilva, which was used on the Bucarest—Istanbul telegraph circuit.

3. Wireless

207 Rumania was fairly well equipped with wireless stations, but after the Government took them over from "Air France," who originally installed them, their working became less efficient. At the beginning of the war there were three broadcasting stations, of which the most powerful was the Radio Rumania, a 150-kW station at Braşov; 14 wireless stations for civil airlines, and a number of radio beacons, government and commercial stations and police wireless stations.

II. War-time Developments

1. Telegraph and Telephones

206 It was reported in 1941 that the Germans had laid a telephone cable from Berlin to Bucarest through Czechoslovakia and Hungary.
722

2. Wireless

207 In May 1942 it was reported that the wireless headquarters in S.E. Europe for the "Lufthansa" was at Bucarest. Budapest, Venice, Rome, Belgrade, Zagreb and Sofia are all controlled from this headquarters. An internal Rumanian network for purely military purposes is also worked from Bucarest.
722

It was learnt in 1943 that there was a plan for the construction of four new medium-wave transmitters to replace existing stations. The new stations were to be at Iaşi and Timişoara and in Bucarest and Transylvania. A new 50-kW short-wave transmitter for foreign broadcasts is also planned.